

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

XMB-02 IO-10 /110 W

----- 116859

R 112025Z APR 75

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC 7608

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY OTTAWA

USDEL MTD GENEVA

LIMITED OFFICIAL USE SECTION 1 OF 2 PORT OF SPAIN 0815

E.O. 11652: N/A

TAGS: ETRD TD

SUBJ: GOTT AND TRADE ACT OF 1974

REF: (A) STATE 66602 (NOTAL); (B) STATE 66492;

(C) STATE 55671; (D) POS 496 (NOTAL)

### SUMMARY

AMBASSADOR RECENTLY DISCUSSED U.S. TRADE ACT WITH MINISTER

IN MINISTRY OF EXTERNAL AFFAIRS, WHO SHOWED THOROUGH

KNOWLEDGE OF TRADE ISSUES AND OTHER NATIONS' GSP SCHEMES.

MINISTER REITERATED GOTT OBJECTIONS TO CARTEL PROVISON

IN TITLE V, AND ELABORATED ON OTHER GOTT CONCERNS ABOUT

THE TRADE ACT, SOME OF WHICH HAD ALREADY BEEN RAISED BY

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OTHER GOTT OFFICIALS (REF D). ONLY POSSIBLE STUMBLING

BLOCK EMBASSY FORESEES IN GSP IMPLEMENTATION FOR TRINIDAD (AND REST OF WEST INDIES) IS PREFERENTIAL TREATMENT PRESCRIBED BY CANADA-WEST INDIES TRADE AGREEMENT, ALTHOUGH THERE ARE REPORTS THIS AGREEMENT WILL BE RENEGOTIATED SOON.

END SUMMARY.

1. GREATLY APPRECIATE DEPARTMENT'S PROMPT AND THOROUGH RESPONSE (REF A) TO QUESTIONS ON TRADE ACT POSED BY GOTTOFFICIALS (REF D).

2. AMBASSADOR ACCCOMPANIED BY ECON OFFICER RECENTLY CALLED ON MINISTER IN MINISTRY OF EXTERNAL AFFAIRS DR. CUTHBERT JOSEPH TO INFORM HIM THAT PRESIDENT HAD SIGNED EXECUTIVE ORDER DESIGNATING POTENTIAL BENEFICIARY COUNTRIES, AMONG THEM TRINIDAD AND TOBAGO, FOR GSP TREATMENT. DR. JOSEPH WAS REMARKABLY WELL-INFORMED ON TRADE ISSUES, AND HAD RECENTLY RETURNED FROM LOME WHERE HE SIGNED THE EC-ACP AGREEMENT ON BEHALF OF TRINIDAD. AMBASSADOR EMPHASIZED THAT USG IS ACTING RAPIDLY TO BRING ABOUT FULL IMPLEMENTATION OF TRADE ACT, INCLUDING MTN TALKS IN GENEVA, AND INDICATED THAT GSP SCHEME SHOULD BE IN OPERATION BY END OF THIS YEAR. EMBOFF POINTED OUT IMPORTANCE OF PERMANENT BENEFITS STEMMING FROM NEGOTIATING AUTHORITY GRANTED BY TRADE ACT, AND SAID THIS HAD BEEN OBSCURED SOMEWHAT BY CONTROVERSY OVER APPARENT OPEC EXCLUSION FROM GPS. MINISTER JOSEPH REMARKED THAT HE WAS PLEASED AT TRADE ACT'S PASSAGE AFTER MANY YEARS OF USG PROMISES, AND REITERATED GOTTO'S VIEW THAT CARTEL EXCLUSION THREATS ARE DISCRIMINATORY AND HAVE NO PLACE IN TRADE LEGISLATION, AND SAID GOTTO WAS DISAPPOINTED AT ITEMS MANDATORILY EXCLUDED FROM GSP TREATMENT. AMBASSADOR RESPONDED THAT USG IS MAKING EVERY EFFORT TO INCLUDE AS WIDE A RANGE OF PRODUCTS AS POSSIBLE, AND SAID THAT LIST BEING SUBMITTED TO INTERNATIONAL TRADE COMMISSION WILL BE SUBSTANTIALLY IMPROVEMENT ON EARLIER ILLUSTRATIVE LIST. OTHER PRINCIPAL POINTS MADE BY MINISTER FOLLOW.

3. DR. JOSEPH PROFESSED SURPRISE THAT USG HAD ISSUED EXECUTIVE ORDER INSTEAD OF WAITING FOR NATIONS TO ASK FOR BENEFICIARY STATUS, AND QUESTIONED WHETHER THIS LIMITED OFFICIAL USE

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WASN'T RUSE TO COVER FACT THAT MANY NATIONS--ESPECIALLY LATIN AMERICAN ONES--HAD SYMPATHIZED WITH VENEZUELA AND ECUADOR AND STRONGLY CRITICIZED TRADE ACT. AMBASSADOR RESPONDED THAT IN OUR ORIGINAL PRESENTATIONS TO THE GOTTO FOLLOWING THE JANUARY 3 SIGNING OF THE TRADE ACT, WE HAD OUTLINED PROBABLY SCENARIO FOR TRADE ACT IMPLEMENTATION, INCLUDING USE OF EXECUTIVE ORDER. EMBOFF POINTED OUT THAT MOST LATIN AMERICAN NATIONS, INCLUDING TRINIDAD,

HAD SUBMITTED LISTS OF PRODUCTS FOR GSP CONSIDERATION,  
AND THAT THIS ALONE CONSTITUTED AN EXPRESSION OF INTEREST  
IN BENEFICIARY DESIGNATION.

4. CANADA-WESTINDIES TRADE AGREEMENT. MINISTER  
QUESTIONED AMBASSADOR CLOSELY REGARDING REVERSE PREFERENCES, STATING THAT THE EC-ACP AGREEMENT WOULD NOT  
ELIMINATE PREFERENTIAL TREATMENT OF IMPORTS INTO THE  
WEST INDIES FROM CANADA, NOT POSSIBLY FROM AUSTRALIA  
AND NEW ZEALAND. DR. JOSEPH REITERATED GOTTS STRONG  
OFFICIAL OPPOSITION TO REVERSE PREFERENCES, BUT SAID  
THAT GOTTS HAD PREVIOUSLY ACQUIESCED TO DESIRES OF SMALLER  
WEST INDIAN TERRITORIES TO GRANT REVERSE PREFERENCES.  
HE SAID HE DOUBTED THAT THESE PREFERENCES WILL BE  
ELIMINATED BY JANUARY 1, 1976, AS REQUIRED BY U.S. TRADE  
ACT. DRAWING UPON REF (C), AMBASSADOR RESPONDED THAT  
USG HAS VERY LITTLE LEEWAY REGARDING REVERSE PREFERENCES,  
OTHER THAN A FINDING THAT ACTION HAS BEEN TAKEN TO  
ELIMINATE THE "SIGNIFICANT ADVERSE EFFECT ON UNITED STATES  
COMMERCE" (SECTION 502 (B) (3) OF THE ACT), AND URGED  
THE MINISTER THAT TRINIDAD TAKE THE LEAD IN BRINGING THE  
PROBLEM OF THESE REMAINING PREFERENCES TO THE ATTENTION  
OF THE OTHER WEST INDIAN GOVERNMENTS.

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5. SECTION 301 (A) (3). (SEE PARA 6, REF A) DR. JOSEPH  
MENTIONED PROVISIONS PREVIOUSLY CITED BY GOTTS OFFICIALS  
WHICH REFER TO WITHDRAWING BENEFITS FROM COUNTRIES WHOSE  
SUBSIDIZED EXPORTS HAVE THE EFFECT OF SUBSTANTIALLY  
REDUCING SALES OF COMPETITIVE U.S. GOODS IN THIRD COUNTRIES.  
HE USED PETROCHEMICAL PRODUCTS AS AN EXAMPLE, AND AMBASSADOR  
ASSURED HIM THAT IF ANY PROBLEMS COME UP UNDER THIS  
SECTION, USG WOULD DOUBTLESS CONSIDER QUESTION ON A  
CASE-BY-CASE BASIS. (COMMENT: ALTHOUGH THE MINISTER  
DID NOT INDICATE THE TYPE OF SUBSIDY CONSIDERED, AND  
DESPITE FACT THAT WE HAVE NEVER HEARD GOTTS SUGGEST IT  
MIGHT DO THIS, APPARENTLY WHAT DR. JOSEPH HAS IN MIND  
WOULD BE THE CASE OF GOTTS CHARGING AN ARTIFICIALLY LOW  
PRICE FOR NATURAL GAS AND CRUDE OIL FEEDSTOCKS IN  
ORDER TO ENCOURAGE ESTABLISHMENT OF PETROCHEMICAL INDUSTRY.)  
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6. USE OF DONOR COUNTRY CONTENT. ACCORDING TO DR. JOSEPH,  
THE EC-ACP AGREEMENT DOES ALLOW DONOR COUNTRY CONTENT TO  
BE INCLUDED AS BENEFICIARY COUNTRY VALUE ADDED (CONTRARY  
TO INFO PARA 5 REF A). EMBOFF NOTED THAT HE HAD NOT  
HAD OPPORTUNITY TO STUDY OTHER COUNTRIES' GSP SCHEMES,  
AND THAT ITEMS OF PRINCIPAL INTEREST TO TRINIDAD WITH  
REGARD TO DONOR COUNTRY CONTENT (GARMENTS, ELECTRONIC  
ITEMS, ETC.) WOULD NOT COME UNDER US GSP TREATMENT ANYWAY.

7. COMMENT: MINISTER JOSEPH'S KNOWLEDGE OF TRADE ISSUES  
AND VARIOUS GSP SCHEMES INDICATES THAT THE GOTTS IS  
INDEED TAKING TRADE QUESTIONS VERY SERIOUSLY. WE BELIEVE  
THAT THE VARIOUS MATERIALS WE HAVE SENT TO GOTTS  
OFFICIALS WORKING ON TRADE MATTERS HAVE BEEN EXTREMELY  
USEFUL, AND WILL CONTINUE CLOSE COORDINATION WITH THEM.  
(ONE GOTTS OFFICIAL EVEN POINTED OUT THAT THE LIST WE  
GAVE HIM OF DESIGNATED BENEFICIARY COUNTRIES TOTALS  
ONLY 88, NOT 89 AS REPORTED IN OUR PRESS RELEASES.)  
A POTENTIALLY SERIOUS PROBLEM, HOWEVER, IS THAT OF  
REFERRING PREFERENCES UNDER THE CANADA-WEST INDIES TRADE  
AGREEMENT (AND POSSIBLY UNDER OTHER ARRANGEMENTS WITH  
AUSTRALIA AND NEW ZEALAND). THE ONLY INDICATION OF  
MOVEMENT ON THIS QUESTION WE HAVE SEEN WAS A MARCH 16  
PRESS REPORT QUOTING CARICOM SECRETARY GENERAL ALISTAIR

MCINTYRE AS SAYING THAT THE CANADA-WEST INDIES TRADE AGREEMENT IS CONTRARY TO THE LOME CONVENTION AND THAT A NEW AGREEMENT WILL BE NEGOTIATED "MAYBE IN A MONTH OR TWO". WOULD APPRECIATE WHATEVER INFORMATION THAT INFO ADDRESSEES MAY HAVE ON RE-NEGOTIATION OF THIS AGREEMENT.

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## Message Attributes

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